CHANGES IN THE PROVISIONS OF COLLECTIVE BARGAINING AGREEMENTS DURING WORLD WAR II

BY

MARIAN RICHARDS MEINKOTH

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A.M., University of Illinois, 1936

AN ABSTRACT OF A THESIS

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
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R. U. BIBLIOTHEEK LEIDEN

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During World War II organized labor's bargaining power was greatly increased by the tight labor market. This was counteracted, however, by labor's no-strike pledge and by the wage stabilization program which drastically limited the possibility of wage increases. In return for labor's voluntary no-strike pledge a War Labor Board was established to resolve all labor disputes and to determine what wage adjustments would be approvable under the stabilization program. It was to determine the effect of these circumstances on the provisions of collective bargaining agreements that this study was instituted.

This investigation was based on an examination of a representative number of sample contracts from four unions (the International Association of Machinists, A.F. of L.; the Amalgamated Association of Street, Electric Railway, and Motor Coach Employees of America, A.F. of L.; the United Steel Workers of America, C.I.O.; and the United Furniture Workers of America, C.I.O.) and on a careful analysis of hundreds of War Labor Board cases as to their effect on the provisions of collective bargaining agreements. Studies concerning the extent of single contract provisions made by the Bureau of Labor Statistics and individual authors were additional sources of information concerning the changes in contract provisions.

The most significant and widespread changes in the provisions of collective bargaining agreements during World War II were found to be in relation to union security. Perhaps less important from the union viewpoint but even more widespread were the changes in provisions for paid vacations and for the payment of shift differentials.

Less widespread than the above changes but of considerable consequence from the standpoint of future industrial peace were the changes made in the provisions for grievance procedure, the increase in provisions for arbitration as the last step in the grievance procedure, and the increased use of no-strike provisions. Likewise important was the increased emphasis on making grievance procedure work. While this resulted in no tangible change in the provisions themselves, it caused the parties to depend more upon the grievance procedure provided rather than upon economic pressure for the settlement of disputes.

The changes in seniority provisions were not great, but some rather significant precedents were established which suggest the lines along which seniority provisions of the future may develop.

While wage provisions were not customarily included in collective bargaining agreements, wage adjustments approved or directed by the

War Labor Board indicated considerable progress toward a more rational intra-plant rate structure. At the same time there was some tendency during the war to include more of the details of the rate structure in the collective bargaining agreement. Board decisions also indicated an increase in the use of incentive wage payments. There was also some distortion of the inter-plant rate structure resulting from wage stabilization.

The overtime provisions of collective bargaining agreements in industries not covered by the Fair Labor Standards Act showed increased acceptance of the principle of overtime pay at a premium rate and a trend toward providing for the same type of weekly overtime payment as that required in industries covered by the Fair Labor Standards Act.

Two other clauses added to collective bargaining agreements during the war were provisions for paid sick leave and dismissal pay. These additions are important from the standpoint of introducing two new features into the collective bargaining agreement to such an extent as to suggest that they may indicate the direction of future additions to collective bargaining agreements.

1. *Changes in Provisions Relating to Union Security*

The changes in those collective bargaining provisions which relate to union security included: (1) an increase in the proportion of all union members covered by union shop provisions from 37 per cent in 1939 to 46 per cent in 1932; (2) an increase in the proportion of all union members covered by "maintenance of membership" provisions from an insignificant number in 1939 to 27 per cent in 1945; (3) a decrease in the proportion of all union members covered by the open shop agreement from 60 per cent to 25 per cent; (4) an increase in the proportion of workers under union agreement covered by check-off of union dues from 20 per cent in 1943 to 40 per cent in 1945.

The two major changes, the increased use of union shop provisions and of check-off provisions were direct results of the War Labor Board policy on awarding such provisions. The Board, faced with the necessity of finally settling disputes over union security, developed "maintenance of membership" as the most equitable solution to the problem. While they did not wish to disturb the status quo by awarding the union shop where it was demanded by the union, they believed that unions should be given some protection from disintegration during the war in return for their no-strike pledge. At first maintenance of membership was awarded only after a positive showing by the union of need for protection. But as Board policy developed, maintenance of membership came to be awarded to any responsible union which requested a union

security provision. The check-off, likewise, was usually granted when requested by the union unless (1) no difficulty was involved in dues collection, or (2) the union was guilty of violating the no-strike pledge.

The public members of the National Board who were largely responsible for the development of maintenance of membership reasoned that the maintenance of membership would protect the union from employer hostility and raiding by a rival union, would counteract the effects of wage stabilization, increased labor turnover, and the no-strike agreement, and thus would promote stable union membership. In turn it was expected that stable union membership would promote union responsibility and union discipline, would promote employer and employee cooperation, and finally increase production. The check-off which was most frequently awarded in combination with maintenance of membership was intended to prevent discharge of workers for dues delinquency under maintenance of membership and to do away with the difficulty of collecting dues in large plants.

Maintenance of membership seems to have been a happy solution to the union security dispute. It was an equitable compromise between the employers' demand for an open shop and the unions' demand for a closed or union shop. The increase in number of union members working under union shop or closed shop agreements between 1939 and 1943 suggests that in the absence of a no-strike pledge there would have been a continued increase in union and closed shop provisions. A limited measure of union security in the form of maintenance of membership, then, was certainly not too much to give in return for labor's voluntary no-strike pledge.

Experience indicated that the policy of awarding maintenance of membership in union security dispute cases accomplished the two major aims of the Board in developing this policy. There was general agreement (1) that time lost from work due to strikes over union security disputes was less than if the Board had insisted upon maintaining the open shop where some type of union security provision had not previously been agreed upon, and (2) that union membership was usually maintained where maintenance of membership was adopted, both in the absolute sense and relative to the changing number of eligible employees in the plant.

Whether or not maintenance of membership had a tendency to promote more responsible leadership and better disciplined union members is more difficult to determine. A maintenance of membership provision may be used to enforce union discipline since anyone who does not maintain union membership in good standing must be discharged at the request of the union. Likewise union members required to pay dues either to maintain membership or because of check-off are more

likely to take an active part in the union which in turn should promote more responsible leadership. But there seems to be insufficient evidence to prove that these results either did or did not actually occur.

Labor representatives considered maintenance of membership as giving the union a degree of security and felt that it made it possible to take a stronger stand in enforcing union policy. In peacetime maintenance of membership may offer somewhat more security than during a war period. There is normally less labor turnover during peacetime and the union will be in a better position to enforce the provision by requesting the discharge of employees who have not maintained their union membership in good standing. Consequently, where maintenance of membership was incorporated in union agreements at the end of the war it was certain that the unions would not willingly give it up.

Since about half of these maintenance of membership provisions were adopted as a result of collective bargaining rather than as a result of a War Labor Board award, it would seem that many employees accepted maintenance of membership as a reasonable request on the part of the union. Many other employers who adopted the provision only as a result of a WLB award had apparently come to accept it as reasonable by the end of the war. It is not expected that there will be any widespread controversy over the retention of this provision. Consequently, present provisions for maintenance of membership will likely be retained and in addition their use may be expected to increase.

The definite trend toward the extension of union and closed shop agreements in the immediate pre-war years and during the first several months of the war years cannot be assumed to have declined. Rather maintenance of membership should be looked upon as simply an intermediate step toward that end. Whether that trend will decline in the post-war years or whether it will continue, and the speed with which things will change will depend upon the condition of the labor market, the attitude of government, and the extent to which the union demonstrates the practical advantages of union shops claimed by union leaders.

2. *Changes in "Fringe" Wage Provisions*

Provisions for vacations with pay, for premium pay for workers employed on night shifts, both increased tremendously during the war period. The unions, anxious to take advantage of the tight labor market to make what gains they could for their members, were quick to request any type of fringe wage adjustment which the Board would approve. The employers were frequently just as anxious to get Board approval of these adjustments.

The War Labor Board was willing to approve any plan for paid vacations no more liberal than one week for one year's service and two

weeks for five years' service almost without exception. Likewise in dispute cases the same plan was usually directed by the Board. As a result the end of the war found 85 per cent of all workers covered by union agreements receiving paid vacations and the most common provision was one week's vacation for one year's service and two weeks' vacation for five years' service. The Board's liberal policy of granting vacations with pay was based on their belief that periodic vacations were necessary to maintain a worker's health and efficiency on the job and to prevent sickness and absenteeism. The Board approved both the policy of prorating vacations and of awarding accrued vacation pay to persons leaving the employment of the company. The payment of accrued vacation benefits were based on the principle that vacation pay is part of a man's regular wage earned by him during his year's work and due to him on a prorated basis if he leaves before vacations are due.

During the first two years of the Board's existence requests for shift differentials were considered in the light of area and/or industry practice, and unless shift differentials were the practice in the industry or unless the wage pattern in the area included shift differentials such an award was refused on the grounds that it would be unstabilizing. The Board was particularly reluctant to award shift differentials to normally continuous industries and to plants or industries where shifts were related on the grounds in both cases that extra compensation for night work would ordinarily have been bargained into the basic wage rate. After the first few cases involving rotating shifts, however, the Board dropped the assumption that extra compensation had been bargained into the basic wage rate and decided future cases on the basis of *whether* such extra compensation had been bargained into the basic wage rate. If it had not been, then a shift differential would be awarded. In the Basic Steel case in November, 1944, and in the cases decided after that date the Board completely dropped the consideration of area and industry practice and all prejudice against differentials in continuous industries. After this date differentials of four and six cents per hour for the second and third shifts in continuous industries and of five and ten cents per hour for the second and third shifts in noncontinuous industries were awarded by the Board in both voluntary and dispute cases.

By the end of the war both vacations with pay and shift differentials had become generally accepted in American industry and provisions for such vacations and for shift differentials were considered a proper part of the collective bargaining agreement. Only a major depression or a great decline in union strength would be likely to cause such provisions to decline.

Of the other fringe wage adjustments made the adoption of provisions for overtime and the liberalization of existing overtime provisions in the collective bargaining agreements of those industries not covered by the Fair Labor Standards Act was the most important. Again the union was taking advantage of the tight labor market and again the employer was frequently anxious to institute provisions for the payment of overtime for work performed after a certain number of hours per day or per week or liberalize existing overtime provisions since this would mean increased take-home pay for his employees. The Board approved any voluntary request for the provision of overtime as long as the provision was no more liberal than the overtime provision of the Fair Labor Standards Act. In dispute cases some type of overtime provision was always ordered but the basic work week or day established after which overtime must be paid varied according to former industry practice. For example, if an industry had formerly operated on a 54-hour week basis the Board would ordinarily order the payment of overtime after 48 hours. The extent to which these overtime provisions will be maintained or possibly extended in the future will depend upon the degree of unionization in specific industries and the general prosperity of our economy.

Two other demands for fringe wage adjustments coming to the Board were demands for paid sick leave and for the payment of a dismissal wage to an employee permanently laid off. The number of cases involving these two issues were relatively small, largely because provision for paid sick leave and for payments of a dismissal wage to employees permanently laid off were not commonly a part of the collective bargaining agreement in the pre-war years. The Board in ruling on cases coming to it refused to order provisions for the payment of dismissal wages or provisions for paid sick leave in dispute cases. In voluntary cases, however, the Board was willing to approve plans for paid sick leave no more liberal than the current vacation plan. Reasonable provision for the paying of dismissal wages were also approved in voluntary cases. Provisions were considered reasonable if they were no more generous than one week's pay for one year's service, two weeks' pay for two years' service, three weeks' pay for from five to ten years' service, and four weeks' pay for over ten years' service. In cases where the Board approved paid sick leave plans, or dismissal pay plans they were to be included as a part of the collective bargaining agreement. In a few cases where paid sick leave plans were already in existence or where the employer was willing to establish a unilateral plan for paid sick leave the Board directed the plan to be included in the collective bargaining agreement. While the total number of cases in which paid sick leave or dismissal pay was approved were small, they are exceed-

ingly important. A few similar plans had been in existence before the war but they were usually unilateral plans. But as a result of the Board's direction plans approved by the Board were written into the collective bargaining agreement and thus became a matter for collective bargaining. These plans are important as an indication of future lines of expansion of the collective bargaining agreement.

3. *Changes in Provisions Concerning Grievance Procedure*

The insistence on the part of the War Labor Board that grievances be settled by the parties without appeal to the War Labor Board put considerable pressure on the parties to make their grievance procedure work. It was particularly important if a deadlock between the parties was to be avoided that there be a provision for final settlement by some outside party. The Board made it quite clear that where arbitration was not adopted by the parties as the last step in grievance procedure it would be ordered by the Board if a grievance should be appealed to the Board. As a result arbitration provisions were written into many contracts as a result of collective bargaining. In addition, the War Labor Board ordered that a no-strike-for-the-duration-of-the-contract clause be incorporated into the collective bargaining agreement where either party demanded it. And in some cases where the parties came to the Board with disputes over the issues a no-strike clause was ordered without being requested by either party. In many other cases the parties voluntarily adopted a no-strike provision.

The remainder of the grievance machinery underwent very little change except in the direction of making the procedure somewhat more definite in order to avoid disputes over the grievance procedure itself. Thus provisions setting up definite steps to be followed in carrying a grievance through to a settlement were added. Time limits were added in particular steps of the procedure in some cases and on the total time allowed for carrying a grievance through from the first step to the last step in others. Provisions requiring the grievances to be written out were also added. These changes were made as a result of a Board ruling in some cases, and as a result of collective bargaining in others.

The only particularly controversial issues in regard to grievance procedure, rather than arbitration, were concerned with who should present the grievance to management's representative in the first step and who should pay the union representative for time lost from work while handling grievances. The Board ruled in relation to the first issue that the aggrieved employee should have the option of presenting his grievance to the foreman with or without the assistance of a union steward. Several later contracts adopted such a provision. In relation to the second issue the Board ruled that while payment of union repre-

sentatives for time lost from work while handling grievances might reasonably be considered a cost of production, and that while there were many arguments in favor of such a provision, the issue should be settled by collective bargaining rather than by Board order. Consequently, the Board refused to direct such a provision unless it could be shown that such payment would aid in the effective functioning of grievance procedure.

The changes in grievance procedure which may be expected to have the most important future consequences were the increased use of arbitration as the last step in grievance procedure and as a corollary to that provision the adoption of a no-strike-for-the-duration-of-the-contract provision. While the addition of a no-strike provision, and of provisions for arbitration were accelerated during the war, there has been a steady increase in the number of such contract provisions for a number of years, and there is no reason to believe that this trend will not continue into the future. Nevertheless, the large number of contracts which adopted both of these provisions during the war period together with the increased emphasis on grievance procedure during the war which required the parties to make it work makes the prospects for industrial peace somewhat brighter than might otherwise be the case.

4. *Changes in Wage Provisions*

The more permanent of the changes caused by the Wage stabilization policy as carried out by the War Labor Board had to do with developing a more equitable intra-plant rate structure, and with instituting or expanding incentive systems of wage payment and a tendency to incorporate somewhat more wage detail into the contract.

The change in the intra-plant rate structure was encouraged by the following circumstances: (1) the general wage stabilization policy which made general increases impossible and hence, called more attention to intra-plant relationships; (2) by the War Labor Board policy of granting small wage adjustments to facilitate the correction of intra-plant inequities; (3) by the WLB policy of ordering the parties to negotiate concerning the removal of intra-plant inequities and setting up, in the form of recommendations or directive orders, guideposts to be followed in the negotiations; (4) by the policy of permitting an employer to make wage adjustments necessary to promotion from one job to another, or in-grade merit increases without Board approval only if he has in existence a written schedule of job classification with specified rates (General Order No. 31); (5) by the Board's policy of ordering, in dispute cases, that discriminatory rates based on sex or race rather than on job content should be abolished and permitting equalization of rates

paid to females with those paid to males for a comparable quality and quantity of work on the same or similar operations without Board approval (General Order No. 16).

The sample contracts showed a tendency to incorporate the job classifications or labor grades with their specified rates into the collective bargaining agreement. The Board encouraged this practice by ordering parties to negotiate job classifications and set appropriate rates for the purpose of eliminating intra-plant inequities and directing the parties to incorporate the results of such negotiation into the collective bargaining agreement. General Order No. 31, likewise, encouraged the writing of wage data into the contract by requiring a written schedule of job classification with appropriate rates.

The adoption of incentive wage payments resulted from the desire of employees to increase take-home pay, and the desire of employers to increase production, and the WLB's willingness to approve the adoption of incentive rules providing (1) there was no increase in unit labor costs; (2) the union approved the adoption of an incentive wage plan; (3) the worker was protected by minimum guaranteed earnings; (4) disputes over the individual incentive rates or changes in incentive rates necessitated by changes in technology, work methods, etc., should be subject to grievance procedure including arbitration.

Thus, while approving the use of incentive rates in general, the Board said that incentive wages must be acceptable to the union if they were to achieve their primary purpose of increased production, and refused to approve incentive wage systems where the union objected.

And, in order to protect the worker from abuse of incentive methods of wage payment, certain protective provisions should be incorporated into the collective bargaining agreement.

Incentive adopted during the war should have done much to remove the worker's prejudice against incentive wage systems and if employers retain the principles established by the Board in approving incentive wage plans their use, which was expanded considerably during the war, may be expected to increase still further.

Another change made during the war was the adoption of rate ranges instead of flat rates or minimum rates, but since at least part of this shift was to some extent due to hope of evading wage stabilization, it is doubtful if it will be permanent.

The wage adjustments permitted under wage stabilization on the basis of correcting maladjustment, eliminating substandards, or removing intra-plant inequities resulted in changes in differentials between occupations within plant, between the entire wage structure of different industries, and between different plants within the same company or industry. It was concluded, however, that these changes were

not likely to be permanent since in most cases the war period had seen little change in the supply and demand factors of the labor market.

5. *Changes in Seniority Provisions*

Changes in the seniority contract provisions were not of major importance during the war. The changes made included some increase in provisions for transfer from one seniority unit to another with seniority either being carried into the new department or retained in the old, a slight increase in provisions making promotions at least partially dependent upon seniority and in provisions dealing with the re-employment of, and the application of, seniority rights to veterans. The lack of emphasis on seniority was primarily a result of the tight labor market which caused layoffs to occur infrequently and promotions to be made rather rapidly. It is during periods when production is contracting causing layoffs and limiting the opportunity for promotion that seniority problems become extremely important.

The principles laid down by the War Labor Board in deciding dispute cases which come to it, however, are significant precedents which are likely to be followed by arbitrators in making decisions on these issues and which may influence collective bargaining. The Board directed that seniority should be the governing factor in making layoffs limited only by the requirement of a "sufficiency of ability" to do the job. The Board also ruled that seniority should be the deciding factor in making promotions where ability and efficiency were "substantially equal." In addition the Board approved the desirability of exempting exceptional workers from the seniority rule in making promotions and layoff, and of giving top seniority to responsible union representatives for purposes of layoff in order to give necessary flexibility to the seniority system. Any discriminatory application of seniority to female workers was also ruled against by the Board.

6. *Summary*

The effects of these changes in the provisions of collective bargaining agreements resulting from the unusual conditions of the wartime years were in general gains for organized labor. The changes in union security provisions were important in maintaining union strength during the war, and will continue to be helpful in the post-war period. The increases in provisions for paid vacations, shift differentials, and overtime in industries not covered by the Fair Labor Standards Act were much greater than might have been expected to occur during peacetime years. The development of a more rational intra-plant rate structure in many plants and companies and the incorporation of many of the details into the collective bargaining agreement has resulted in a

more equitable rate for many workers than prevailed before the war. The introduction of this more rational rate structure in many plants has undoubtedly relieved a major cause of grievances. The increased acceptance by labor of incentive methods of wage payment during the war indicates that another cause of disputes between labor and management has in several instances been settled satisfactorily. The wartime development of the grievance procedure has decreased the likelihood of resolving grievances by economic warfare during the lifetime of the contract. The changes in seniority provisions were not great, but in general the principle was upheld, and certain precedents set by the Board may be useful in determining future disputes over seniority.

VITA

Marian Catherine Richards was born in Wayne County, Illinois, June 30, 1914. She attended the public schools of Wayne County and the Community High School at Carbondale, Illinois, from which she was graduated in June, 1931. From 1931 to 1935 she was enrolled in the Southern Illinois Normal University from which she received the degree of B.Ed. in June, 1935, with majors in political science, history, and English, and minor in economics. She then enrolled in the Graduate School of the University of Illinois from which she was granted the A.M. degree in economics in October, 1936.

During 1936-37 she taught in a rural school in Wayne County. She then taught social sciences and English in Illinois high schools, two years at Stonington, Illinois, and one year at Oblong, Illinois. In 1938 she married Norman A. Meinkoth.

She attended the summer session of the University of Wisconsin in 1939. In 1942 she re-entered the University of Illinois as Assistant in Economics. She was granted a Graduate School Fellowship for three semesters in September, 1944, and was made Instructor in Economics in September, 1945.

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